



Department of Justice

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**DEPARTMENT OF JUSTICE ANNOUNCES ITS INTENTION TO BLOCK
PROPOSED JOINT VENTURE BETWEEN FRANKLIN ELECTRIC
AND UNITED DOMINION INDUSTRIES**

Joint Venture Would Eliminate Competition in Submersible Turbine Pumps

WASHINGTON, D.C. - The Department of Justice today announced its intention to file a civil antitrust lawsuit to block a proposed joint venture between Franklin Electric Co. Inc. and United Dominion Industries Inc. because the transaction would eliminate competition in the production and sale of submersible turbine pumps (STPs) used in gasoline service stations in the United States.

STPs are pumping mechanisms used at gasoline service stations to transfer gasoline from underground storage tanks to above-ground island dispensers. Submersible turbine pumps are used at over 90 percent of the gasoline service stations in the U.S.

The joint venture would combine the assets of Franklin Electric's subsidiary FE Petro and the petroleum related assets of United Dominion's subsidiary, The Marley Company. The companies compete vigorously with each other, and are the only two firms that produce and sell STPs in the U.S. Marley, which has approximately a 60 percent market share, sells STPs under the brand name "Red Jacket." FE Petro, which has approximately a 40 percent market share, sells STPs under the "FE Petro" brand name. The joint venture would be 75 percent owned by Franklin Electric and 25 percent owned by Marley, eliminating the head-to-head competition that currently exists between the two companies.

“This proposed joint venture would eliminate competition and create a monopoly in the sale of submersible turbine pumps in the U.S., resulting in higher prices, less innovation, and lower quality service for customers,” said Joel I. Klein, Assistant Attorney General in charge of the Department’s Antitrust Division. “This is the classic kind of competitive problem that the antitrust laws were intended to prevent.”

Franklin Electric is an Indiana corporation headquartered in Bluffton, Indiana. It reported 1999 sales of \$293.2 million. Its subsidiary, FE Petro, produces STPs at a plant in McFarland, Wisconsin.

United Dominion, a wholly owned subsidiary of United Dominion Industries Limited, is a Delaware corporation headquartered in Charlotte, North Carolina. United Dominion Industries Limited, a Canadian Corporation, reported sales of \$2.15 billion in 1999. Its subsidiary, Marley, produces STPs at a plant in Davenport, Iowa.

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